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What a great time to buy a restaurant... if you have a well-seasoned team - by Dennis Serpone

July 30, 2021 - Spotlights

Dennis Serpone

We've seen the number of restaurant transactions is up by more than 50% going into the 2nd half of 2021 over the same comparable time in 2020. The confluence of economic and market conditions spell 'opportunity' for the seasoned buyer. No matter if we're looking at vacant space, or an operating restaurant that has become available in good locations or conversely a losing business that the inexperienced operator bought in a less-than-desirable location, there is a buyer out there ready to make a deal. With COVID-19 pretty much behind us, and the Delta variant not seen as an imminent threat, opportunities abound.

Deals are made from a position of strength when you're selling without any financial or emotional pressure. Other deals are made from a position of weakness where the operator is losing money due to competition, poor management skills, or the inability to staff at levels required to be profitable. In either case, if you or your partner(s) has the money and experience, now's a great time to make a deal. However, with so much growth in the food and beverage industry, competition for help has never been greater. We're constantly inundated with signs...HELP WANTED. There isn't one segment of this industry, or most other industries that isn't dealing with this pressing issue. As long as the government continues to pay people to stay home, they will. Unless Biden is goaded into extending benefits beyond the end of September, the lifeblood of our country...the small businesses, we should recover quickly.

A perfect example is what's happening in Boston and the suburbs.

The playground of the affluent in general and the young professionals as a subset, was Newbury St. Old money, new money, the people watchers, and the wannabes could all be found wandering in and out of stores and restaurants, walking tirelessly up and down Newbury St. or sitting by a window when it was too cool to be perched at a sidewalk table. There was a time when there was little of no business turnover in those coveted locations.

Then the Seaport area materialized. Like Poseidon rising from the ocean's depths, slowly at first and

then amazingly fast, a multitude of restaurants, Irish bars, and expensive fast food emporiums appeared. The migration from Newbury St. of its patrons to the Seaport area is apparent whether you drive through there any time of the day or any day of the week.

Whether you decide to go the Seaport District, Newbury St., Harvard Sq., or Marina Bay, your choice of where you're going to spend \$100+ per person may decide on where will you find the best 'experience'. That experience is the 'competitive advantage' that one restaurant has over another. Is it better quality of food...better pricing...better ambiance...more personable staff...better location...easier access...ample parking?

Years ago, the Lyons Group, with their Kings Lanes integrated bowling with dancing and drinking. People are still flocking there for the experience. They set the example of have a competitive advantage.

In the suburbs, Market Street lifestyle center in Lynnfield, where one of the Kings Lanes is located, if you listen carefully, you can hear the sucking sound of business being drawn out of the surrounding towns. Last week, on a clear Wednesday night, I had trouble getting a parking space at 7:00 p.m. at Market Street; I literally had to follow a couple leaving to get a parking space. Whole Foods was typically busy, Legal C Bar had a 45 minute wait, the Yard House restaurant/pub had a one hour wait, and Davio's had almost a 1 1/2 hour wait. You have to ask yourself, where all these people are coming from. The answer is simple...from all those established businesses in the surrounding towns. This scenario will be played out all over the state as lifestyle centers pollinate the landscape. That said, now is a great time for the seasoned, successful operator to position his operation in the suburbs. Competition will always be there, but to survive, to thrive, a restaurant, or for that matter, any business has to have something different or better to draw people away from their competitors...better atmosphere, better service, better food quality, better pricing, better marketing, different food, different presentation, etc. A competitive advantage.

Even with 15 active associates at the National Restaurant Exchange, we're overwhelmed with businesses wanting to list with us and buyers looking to buy. In 40 years of being in the restaurant brokerage business, I've never seen it busier. Whether it's a \$5 million restaurant or a \$200,000 breakfast place, motivated sellers and opportunistic buyers are making deals.

Dennis Serpone is founder of the National Restaurant Exchange, the Hotel Exchange, and a member of the Mass. Restaurant Association, Wakefield, Mass.

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